THE DEGENERATES JOURNAL

MIDDAY BASIC · TUESDAY · OCT 20

Small Caps Lead a Broad Midday Bounce

7,738.37

S&P 500 · ~11:15 AM ET VS MONDAY'S CLOSE +0.62%

+1.99%

RUSSELL 2000 FUND · 11:08 AM ET VS MONDAY'S CLOSE

The S&P 500 is back above its 50-day line, but the leadership came from small caps, health care and banks, not the big chip names.

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WHAT THIS MEANS FOR YOU

A broad bounce is healthier than a narrow one. Today it's broad.

May contain typos. Prices may be delayed depending on when the data was collected.

YESTERDAY'S CALL, CHECKED

Monday's Question, Graded

Monday's Basic asked one question: does the S&P 500 close Monday above 7,706.42, its 50-day average as of Friday?

No. The S&P 500 closed Monday at 7,690.73, 15.69 points (0.20%) short.

Monday's line	**7,706.42**	Fri 50-day avg
Monday's close	**7,690.73**	−0.20% vs line
Today, midday	**7,738.37**	~11:15 AM ET
50-day avg today	**7,704.78**	midday read

Monday missed by a hair. Today the index is 0.44% above its current 50-day average, so the line that failed Monday is being retaken at midday. Only the close counts.

WHAT THIS MEANS FOR YOU

Yesterday's call graded no. Today's bounce is trying to fix it, and the close decides.

THE BRIEF

What · why · when

What: A broad midday bounce. The S&P 500 is up 0.62% at about 11:15 AM ET, the Dow fund is up 1.22% and the Russell 2000 fund leads at +1.99%, while the Nasdaq-100 fund trails at +0.44%. Oil is lower: the crude oil fund is down 2.11%.

Why: Money is moving toward small caps, health care, banks and utilities while the chip trade cools. Soft housing data helped push the 10-year yield down 2.8 basis points to 5.107%, which gives rate-sensitive stocks room to run.

When: Tonight: weekly crude stock estimates at 4:30 PM ET and a round of after-the-close earnings. Wednesday: crude inventories at 10:30 AM ET and the week's biggest earnings night. Friday: flash PMIs and final consumer sentiment.

WHAT THIS MEANS FOR YOU

Breadth is doing the work today, not the biggest names.

MARKET HEALTH

Cooling, Still on Watch

Degen Risk: 86 (Transition) as of 11:20 AM ET today. Down from Monday's 88 as the VIX cooled. A conditions gauge, not a crash predictor.

Stress: the VIX is 17.56, under the three-month VIX at 19.13, so the curve slopes upward, the normal shape. The S&P 500 is 0.44% above its 50-day average of 7,704.78. Rates: the 10-year is 14.5 bp above its level 21 sessions ago. Credit: the high-yield bond fund sits 5.36% under its 52-week high.

Translation: stocks are firmer and volatility is easing, but high rates and the credit gap keep the gauge elevated.

WHAT THIS MEANS FOR YOU

Calmer than Monday, not all-clear. Rates and credit still need to improve.

SESSION READ · THE MIDDAY TAPE

Small Caps Out Front

MARKET	MIDDAY	VS MON CLOSE
S&P 500 fund SPY	$771.07	+0.60%
Nasdaq-100 fund QQQ	$721.53	+0.44%
Dow fund DIA	$525.25	+1.22%
Russell 2000 fund IWM	$276.67	+1.99%
VIX	17.56	−4.77%
10-year yield	5.107%	−2.8 bp

Fund prices as of 11:08 AM ET; VIX and 10-year as of about 11:15 AM ET. All changes vs Monday's close.

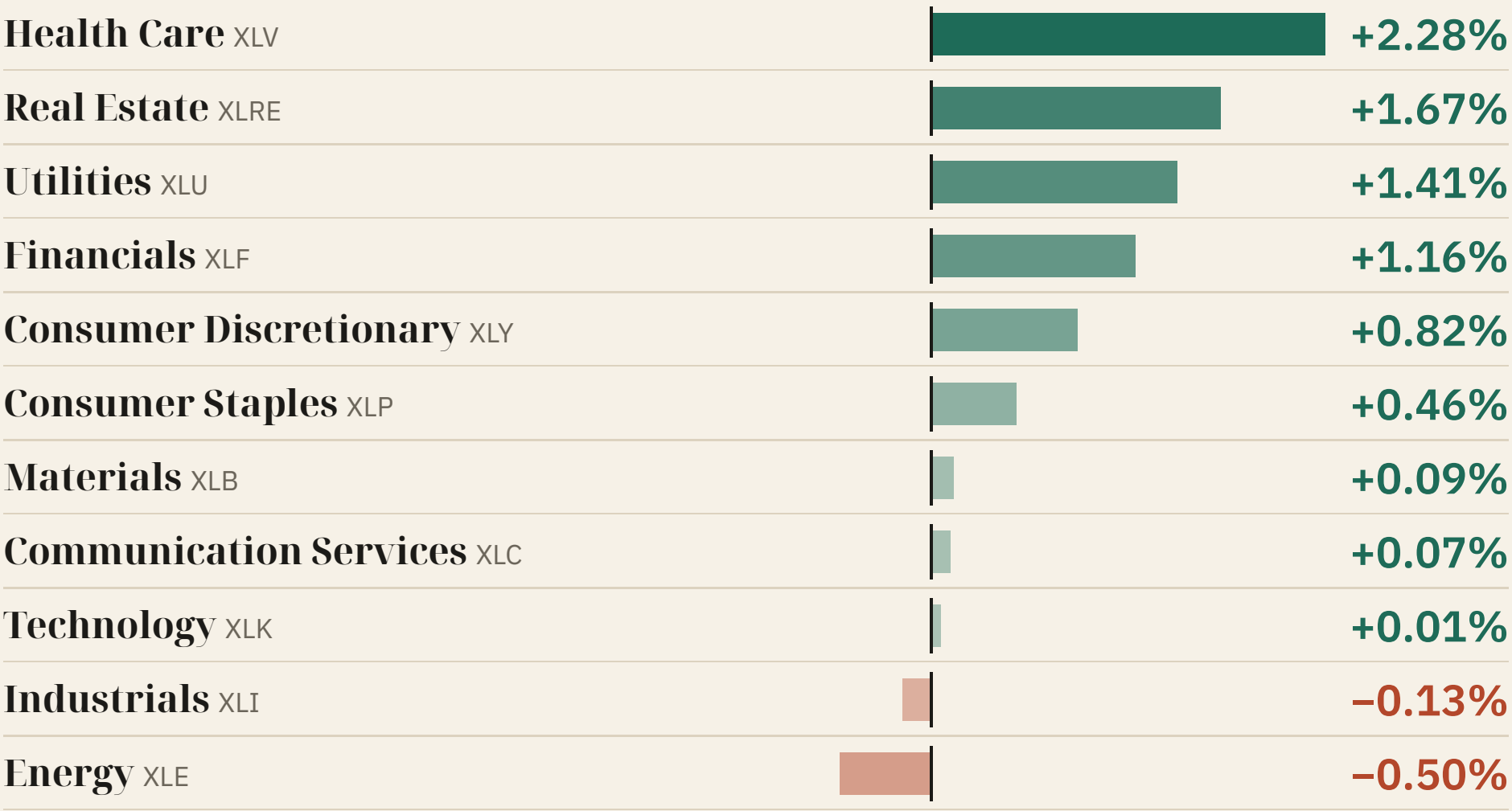
Read: Small caps up almost 2%, the Nasdaq-100 fund up less than half a percent. When the little names beat the big ones like this, more of the market is joining in.

WHAT THIS MEANS FOR YOU

The bounce is wide, and that's what a healthier market looks like.

SECTOR SCOREBOARD · MIDDAY

Who Leads, Who Lags



Change vs Monday's close, as of about 12:04 PM ET. One fund per sector.

Read: Nine of 11 sectors are green. Health care, real estate and utilities lead; energy is the laggard as oil slips, and technology is flat.

WHAT THIS MEANS FOR YOU

Defensive and rate-sensitive sectors are leading. Tech is sitting this one out.

SESSION READ · ASSETS AND HEADLINES

Oil Slips, Credit Steadies

ASSET	11:08 AM	VS MON CLOSE
Gold fund GLD	$379.76	+0.02%
Crude oil fund USO	$157.42	−2.11%
Bitcoin fund IBIT	$47.00	+1.51%
High-yield bond fund HYG	$76.97	+0.18%

Prices as of 11:08 AM ET vs Monday's close.

THE DAY SO FAR

~8:33 AM ET
Oil topped $100 before the open, then reversed lower

~9:36 AM ET
Chip stocks resumed their declines at the open

10:00 AM ET
Pending home sales index hit 66.0, the lowest since the series began in 2001

~10:46 AM ET
Stocks turned higher after an early slide in AI names

~10:57 AM ET
Health care stocks led a midday rally as oil fell

WHAT THIS MEANS FOR YOU

Lower oil and calmer credit are the quiet tailwinds under today's move.

TODAY'S DATA AND EARNINGS

Housing Came In Soft

TIME (ET) · RELEASE	ACTUAL	EXPECTED	PRIOR
8:15 AM **Private payrolls, weekly estimate**	**18.5K**	no consensus	24.75K
8:30 AM **Housing starts (Sep)**	**1.221M**	1.300M	1.288M
8:30 AM **Building permits, prelim (Sep)**	**1.400M**	1.390M	1.403M
10:00 AM **Pending home sales (Sep, m/m)**	**−7.3%**	−0.5%	+0.3%
11:00 AM **Atlanta Fed GDPNow (Q3)**	**3.5%**	no consensus	3.6%

Housing starts missed by about 79,000 units and pending home sales fell 7.3% against an expected 0.5% dip: high mortgage rates are biting. Permits were in line, and the growth tracker barely moved.

EARNINGS TODAY

REPORTED BEFORE THE OPEN, ALL BEAT ESTIMATES

GE Aerospace, RTX, 3M, General Motors, Halliburton

AFTER THE CLOSE

Intuitive Surgical, Capital One, Chubb

WHAT THIS MEANS FOR YOU

Soft housing data pulled yields lower, and that's helping today, not hurting.

WEEK AHEAD · TUE 10-20 TO FRI 10-23

The Data Still to Come

DAY / TIME (ET)	RELEASE	EXP.	PRIOR
Tue 10-20 4:30 PM	**Crude stocks, weekly estimate (wk to 10-16)** An early read on Wednesday's official number.	**−1.3M bbl**	**−11.1M bbl**
Wed 10-21 7:00 AM	**30-year mortgage rate (weekly survey)** Today's housing miss happened with rates here.	**n/a**	**7.50%**
Wed 10-21 10:30 AM	**Crude oil inventories (wk to 10-16)** Another big draw would keep oil, and inflation worries, up.	**−0.3M bbl**	**−8.557M bbl**
Thu 10-22 8:30 AM	**Initial jobless claims (wk to 10-17)** The cleanest weekly check on layoffs.	**200K**	**199K**
Fri 10-23 9:45 AM	**Flash manufacturing PMI (Oct)** Factory momentum; the prices-paid line feeds yields.	**55.5**	**55.9**
Fri 10-23 9:45 AM	**Flash services PMI (Oct)** Services are most of the economy.	**58.0**	**58.8**
Fri 10-23 10:00 AM	**Consumer sentiment, final (Oct)** The shopper's mood heading into the holidays.	**46.3**	**48.1**

Exp. is the consensus forecast where one exists; n/a means none was published. Prior is the most recent published reading.

WHAT THIS MEANS FOR YOU

Friday's PMIs are the data most likely to move rates this week.

WEEK AHEAD · EARNINGS

Reports That Move the Market

TUE 10-20 · AFTER THE CLOSE

Intuitive Surgical, Capital One, Chubb

Surgical robots, card borrowers and insurance pricing.

WED 10-21 · BEFORE THE OPEN

AT&T, Danaher, NextEra Energy, Philip Morris

Phone bills, lab gear, power and cigarettes: the steady earners.

WED 10-21 · AFTER THE CLOSE

Meta, SAP

The biggest AI spender reporting this week, plus Europe's largest software maker.

THU 10-22 · BEFORE THE OPEN

Procter & Gamble, Honeywell, Lockheed Martin, Union Pacific, Blackstone

Shoppers, factories, defense, freight and private markets in one session.

THU 10-22 · AFTER THE CLOSE

Newmont

The biggest gold miner: a read on the safe-haven trade.

FRI 10-23 · BEFORE THE OPEN

American Express

How freely higher-income consumers are still spending.

After-the-close dates are confirmed; before-the-open dates are company estimates and can shift.

WHAT THIS MEANS FOR YOU

Wednesday night is the week's big earnings night for the AI trade.

WHAT WE'RE WATCHING

Three Things Into the Close

No single stock tells today's story, not even the names we keep an eye on. These three things do, and they'll decide whether the Midday bounce sticks into the close.

The small-cap gap

Russell 2000 fund +1.99% vs Nasdaq-100 fund +0.44%. If the gap holds into the close, the rotation is real.

Oil's reversal

Crude oil topped $100 before the open and then turned lower. A second leg down would help inflation worries ease.

The 10-year yield

Down 2.8 bp to 5.107%. Lower yields are what's lifting real estate and utilities.

THE QUESTION INTO THE CLOSE

Does the Russell 2000 fund beat the Nasdaq-100 fund today?

Yes if IWM's change from Monday's close beats QQQ's at today's official close; no otherwise. Tomorrow's Basic checks the answer.

No Engine List name meets the star bar today.

WHAT THIS MEANS FOR YOU

Watch the gap between small caps and big tech. That's the tell.

DEGEN TERM OF THE DAY

Market breadth

Market breadth measures how many stocks are taking part in a move, not just how far the index moved. A rally led by a handful of giants is narrow; a rally where most stocks and sectors rise is broad. Today is a broad day: nine of 11 sectors are green and the Russell 2000 fund (+1.99%) is beating the Nasdaq-100 fund (+0.44%).

WHAT THIS MEANS FOR YOU

Broad rallies tend to be sturdier than narrow ones. Whether breadth holds into the close is the thing to watch.

PRINT QUOTE OF THE DAY

“Know what you own, and know why you own it.”

— Peter Lynch

Why it fits today: On a rotation day, the index barely tells you what's working. What you hold matters more than where the S&P 500 ends.

WHAT THIS MEANS FOR YOU

Rotation days reward knowing your own holdings, not watching the index.

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